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APR 25 2005

Ms. Francine Hall  
President  
Si Tanka University  
435 North Elm Street  
P.O. Box 220  
Eagle Butte, SD 57625-0220

SENT BY CERTIFIED MAIL  
RETURN RECEIPT REQUESTED  
Receipt #: 70012510000266263878  
OPE ID: 03019200

Dear Ms. Hall:

Si Tanka University (Si Tanka) is hereby advised that the United States Department of Education (Department) is revoking the provisional program participation agreement (PPA) it executed with the Department. The Department has determined that Si Tanka has failed to meet its responsibilities under the PPA. The PPA is enclosed as Enclosure 1. See 34 C.F.R. §668.13(d)(1). With this revocation, the Department has established that Si Tanka lost eligibility and thereby ended its PPA on April 9, 2005, which is the date the school filed for Chapter 11 Bankruptcy relief. 34 C.F.R. § 600.7(a)(2)(A). Following the loss of eligibility and end of its PPA, an institution may no longer participate in the student financial assistance programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§1070 et seq. and 42 U.S.C. §§2751 et seq. (Title IV, HEA programs). 34 C.F.R. §668.26(a)(4).

In particular, Si Tanka is no longer eligible to participate in the following Title IV, HEA programs: Federal Pell Grant (Pell), Federal Supplemental Education Opportunity Grant (FSEOG), Federal Work Study (FWS), Federal Perkins Loan (Perkins Loan), Federal Direct Student Loan (Direct Loan), and Federal Family Education Loan (FFEL) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Student Unsubsidized Stafford/Ford Loan Program and the Federal Direct PLUS Program. The FFEL Program includes the Federal Stafford Loan (Stafford) Program, and the Federal PLUS (PLUS) Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

In addition, with this revocation, Si Tanka is responsible for complying with each regulatory requirement that has been established for institutions that end their Title IV, HEA program participation. 34 C.F.R. §668.13(d)(2)(iii). Specifically, among other itemized responsibilities, Si Tanka must submit to the Department within 45 days of this revocation becoming final, all financial, performance and other reports required by the Title IV, HEA regulations, as well as a letter of engagement for an independent audit of all funds that the institution received under the Title IV, HEA programs. 34 C.F.R. §668.26(b)(2). The school must submit this closeout audit report within 45 days after the

Application, School Eligibility and Delivery Services,  
School Eligibility Channel, School Participation Team, NE,  
Union Center Plaza #3, 830 First Street, N.E., Washington, D.C. 20202

EXHIBIT 1

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letter of engagement.<sup>1</sup> 34 C.F.R. §668.26(b)(2)(ii). In addition, Si Tanka shall inform the Department of the arrangements that it has made for the retention and storage of its records, 34 C.F.R. §668.26(b)(3). Si Tanka must continue to distribute refunds according to 34 C.F.R. §668.22. 34 C.F.R. §668.26(b)(7). Note specifically that with respect to its Federal Perkins Loan portfolio, Si Tanka must return to the Department the Federal share of the cash on hand in its Federal Perkins Loan portfolio and assign to the Department all outstanding Federal Perkins Loans. More detailed instructions on these processes are enclosed in Enclosure 2.

By executing the provisional PPA, Si Tanka affirmed that it would comply with all applicable regulatory and statutory provisions governing the administration of the Title IV, HEA programs. See Enclosure 1. Si Tanka also expressly agreed that a cause for revocation included, among other things, "a violation of Department regulations deemed material by the Department." *Id.* As explained further herein, the Department has determined that Si Tanka can no longer meet the statutory and regulatory requirements of an eligible institution. The failures outlined below give the Department no assurance that Si Tanka can be a trusted fiduciary of federal funds. Accordingly, Si Tanka's provisional PPA is revoked.

On April 9, 2005, Si Tanka filed for Chapter 11 Bankruptcy relief in the United States Bankruptcy Court for the District of South Dakota, Central Division (Case #05-30027). Enclosure 3. To participate in the Title IV, HEA programs, an institution must demonstrate to the Department that it qualifies to be certified under the provisions of 34 C.F.R. §668 Subpart B. 34 C.F.R. §668.11(b). In order to meet the requirements for certification, the institution must qualify as an eligible institution in accordance with the institutional eligibility regulations set forth in 34 C.F.R. Part 600. 34 C.F.R. §668.13(a). Further, an institution does not qualify as an eligible institution if it files for relief in bankruptcy. 34 C.F.R. § 600.7(a)(2)(A). Loss of eligibility due to bankruptcy is permanent. 34 C.F.R. § 600.7(i)(2). Accordingly, Si Tanka may not reapply for certification of eligibility to participate in the Title IV, HEA programs under 34 C.F.R. §668.13(d)(4)(ii)(A).

Si Tanka may request reconsideration of this revocation by submitting to the Secretary, **no later than 20 days following receipt of this notice**, written evidence to show that the revocation is unwarranted. 34 C.F.R. §668.13(d)(3)(i). Should Si Tanka elect to pursue this option, please submit written materials, by overnight mail, to:

Mary E. Gust, Director  
Administrative Actions and Appeals Division  
U.S. Department of Education

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<sup>1</sup> Si Tanka's closeout audit should cover the period from June 26, 2001 to April 9, 2005, the period for which the Department has no record of receiving the institution's audit reports. The institution is advised that in the absence of a closeout audit, it is the Department's policy to assess a repayment liability equal to the amount of unaudited Title IV funds disbursed for the period in question. In addition, it is the Department's policy to hold any reimbursement requests pending resolution of the institution's closeout audit.

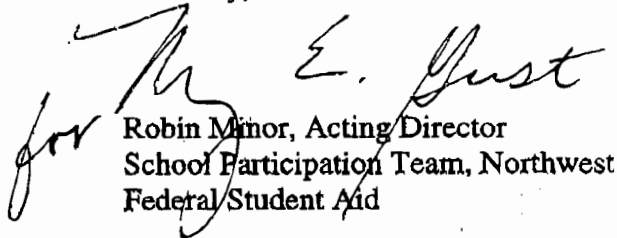
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FSA/ASEDS/School Eligibility Channel  
830 First Street, NE  
Room 083E3  
Washington, DC 20002-5267

The Secretary's designated official will promptly consider Si Tanka's request for reconsideration and will notify the institution by certified mail, return receipt requested, of a final decision. 34 C.F.R. §668.13(d)(4)(i).

If you have any questions regarding this letter, you may contact Sherrie Bell at (202) 377-3349.

Sincerely,

  
for Robin Minor, Acting Director  
School Participation Team, Northwest  
Federal Student Aid

Enclosures

Cc: Steven Crow, Executive Director, North Central Association of Colleges and  
Schools, Higher Learning Commission